

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 562 - HB 598

April 1, 2015

SUMMARY OF BILL: Requires each local education agency (LEA) to receive at least 65 percent state share from the Basic Education Program (BEP) funding formula's instructional component, beginning in FY15-16.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$84,767,000/FY15-16/BEP

Exceeds \$84,767,000/FY16-17 and Subsequent Years/BEP

Other Fiscal Impact – Affected LEAs may defer increased local appropriations associated with the BEP instructional component beyond the local contribution appropriated for FY14-15. No decrease in local expenditures since the BEP maintenance of effort would remain in effect.

Assumptions:

- Based on information from the Department of Education, this change will increase the state share of the BEP instructional component for 13 LEAs who received less than a 65 percent state share from the BEP instructional component in FY14-15.
- Based on the BEP formula spreadsheet for FY15-16, the total increase in state expenditures in FY15-16 is estimated to be \$84,767,000.
- In FY16-17 and subsequent years, the increase in state expenditures is estimated to exceed \$84,767,000.
- The 13 LEAs that will receive more state BEP funding will not be able to decrease their local appropriations due to the BEP maintenance of effort requirement. Therefore, no decrease in local expenditures. However, the increase in state expenditures may allow the affected LEAs to defer any increase in local expenditures related to the instructional component of the BEP until such time as the BEP required local match exceeds the actual local contribution.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "Jeffry A. Spalding".

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Jeffrey L. Spalding, Executive Director

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